THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) and (b) The Government of USA have announced sanctions under Section 102(b) of their Nuclear Non-Proliferation Act. Indications are that Official Development Assistance to India, except the food assistance, has been suspended. The sanctions also imply termination of those operations of US EXIM Bank and OPIC intended for the purpose of providing credit and thus encouraging US exports to India. Japan and some of the Nordic countries have taken decisions to suspend, wholly or partially, fresh aid to India. In addition, the US will oppose the extension of any loan, financial or technical assistance, by any international financial institutions, such as the World Bank and the IMF. Allthough the US can not veto the funding to India from these financial institutions unilaterally, consideration of certain new loans by the Board of World Bank has been delayed. The US Government will also prohibit any of its own commercial banks from making any loan or credits to the Government of India, except for purchasing food or agricultural commodities. Under the sanctions announced by the US Government, sale of defence articles have also been terminated and interim guidelines have been issued suspending all existing licenses authorizing export to Indian entities involved in proliferation activities. Sanctions mainly apply to official development assistance and not specifically to the Foreign Direct Investment. It may be noted that precise scope and procedures of sanctions are yet to be clarified.

In conformity with existing policies, Government of India have taken measures to encourage foreign investment by the NRIs/OCBs and the FIIs. The Union Budget of 1998-99, has also proposed measures to strengthen the foundations of the Indian economy to deal effectively with an inherently uncertain external environment.

Financial Assistance for Maharashtra for Meeting Expenditure on Fifth Pay Commission's Recommendations

1410. PROF. RAM KAPSE: Will the Minister of FINANCE be pleased to state:

(a) the present status of the proposal of Government of Maharashtra regarding grant of financial assistance for meeting the expenditure to be incurred by State Government for implementing Fifth Pay Commission's Recommendations; and

(b) by when a final decision is expected to be taken?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) and (b) The Government of Maharashtra as well as other State Governments have been informed that as it is not mandatory for the States to follow the Central pay scales and also in view of the observations of the Tenth Finance Commission (TFC), that the burden of any pay revisions subsequent to the submission of the report has not been taken into consideration by the TFC either for the Centre or for the States, the Central Government is not in a position to bear the financial burden of any pay revisions by the State Governments for their imployees.

News-item Regarding Recovery of NPAs

1411. SHRI DIPANKAR MUKHERJEE: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news-item captioned "Banks found lagging on Non-Performing Assets (NPAs) recovery front" appeared in Indian Express dated 26.10.97;

(b) if so, the action taken by Government on recovery of Non-Performing Assets (NPAs) from the defaulters named in the news-item; and

(c) whether Government are aware that even though the names of the defaulters have been circulated among the banks and head of FIs, projects